



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2012-0006; DS63644000 DR2000000.CH7000 190D1113RT;

OMB Control Number 1012-0005]

Agency Information Collection Activities: Federal Oil and Gas Valuation

AGENCY: Office of Natural Resources Revenue, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, the Office of Natural Resources Revenue (ONRR) is proposing to renew an information collection with revisions. ONRR seeks renewed authority to collect information pertaining to (1) the Federal oil and gas valuation regulations, which include transportation and processing regulatory allowance limits; and (2) the accounting and auditing relief for marginal properties.

DATES: You must submit your written comments on or before **[INSERT DATE 60 DAYS FROM THE DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: You may submit comments on this Information Collection Request (ICR) to ONRR by using one of the following three methods (please reference “ICR 1012-0005” in the subject line of your comments):

1. Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2012-0006” and then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.

2. Email comments to Mr. Armand Southall, Regulatory Specialist, at armand.southall@onrr.gov.

3. Hand-carry or mail comments, using an overnight courier service, to ONRR. Our courier address is Building 85, MS 64400B, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Mr. Peter Christnacht, Royalty Valuation, ONRR, telephone at (303) 233-2225, or email to Peter.Christnacht@onrr.gov. For other questions, contact Mr. Armand Southall, telephone at (303) 231-3221, or email to Armand.Southall@onrr.gov. You may also contact Mr. Southall to obtain copies (free of charge) of (1) the ICR, (2) any associated forms, and (3) the regulations requiring the subject collection of information.

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995, we provide the general public and other Federal agencies with an opportunity to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public's reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

We are soliciting comments on the proposed information collection request (ICR) described below. We are especially interested in public comment addressing the following issues mentioned in the Office of Management and Budget (OMB) regulations at 5 CFR 1320.8(d)(1): (1) Is the collection necessary to perform the proper functions of ONRR; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might ONRR enhance the quality, utility, and clarity

of the information to be collected; and (5) how might ONRR minimize the burden of this collection on the respondents, including through the use of information technology.

Comments that you submit in response to this notice are a matter of public record. ONRR will post all comments, including names and addresses of respondents, at <http://www.regulations.gov>. We will include or summarize each comment in our request to OMB to approve this ICR. Before including your Personally Identifiable Information (PII), such as your address, phone number, email address, or other PII in your comment(s), you should be aware that your entire comment, including PII, may be made available to the public at any time. While you can ask us, in your comment, to withhold your PII from public view, we cannot guarantee that we will be able to do so. We also will post the ICR at https://www.onrr.gov/Laws_R_D/FRNotices/ICR0136.htm.

Abstract

The Secretary of the United States Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary is charged to (1) manage mineral resources production from Federal and Indian lands and the OCS; (2) collect the royalties and other mineral revenues due; and (3) distribute the funds collected. We have posted the laws pertaining to mineral leases on Federal and Indian lands and the OCS at http://www.onrr.gov/Laws_R_D/PubLaws/index.htm.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. ONRR performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

General Information

When a company or an individual enters into a lease to explore, develop, produce, and sell, or otherwise dispose of, minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share of the production's value. The lessee, or its designee, must report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling such minerals.

Information collections that we cover in this ICR are found at title 30 of the *Code of Federal Regulations* (CFR) parts:

- 1202, subparts C and D, which pertain to Federal oil and gas royalties.
- 1204, subpart C, which pertains to accounting and auditing relief for marginal properties.
- 1206, subparts C and D, which pertain to Federal oil and gas product valuation.

All data reported is subject to subsequent audit and adjustment.

In March 2019, the U.S. District Court for the Northern District of California vacated ONRR's 2017 Repeal rule of its 2016 Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform rule. By vacating ONRR's 2017 Repeal rule, the Court reinstated ONRR's 2016 Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform rule, originally published on July 1, 2016 (81 FR 43338) (2016 Valuation Rule), with its original effective date of January 1, 2017.

We have not revised the burden hours because a lessee could potentially revise reporting periods prior to January 1, 2017 (*i.e.*, periods under the old rule).

Information Collections

ONRR, acting for the Secretary, uses the information that we collect to ensure that lessees accurately value and appropriately pay all royalties based on the oil and gas produced from Federal onshore and offshore leases. ONRR and other Federal government entities, including the Bureau of Land Management, and the State governmental entities, use the information for audit purposes, and for evaluating the reasonableness of product valuation or allowance claims that lessees submit. Please refer to the *Data* section for the estimated total burden hours.

A. Federal Oil and Gas Valuation Regulations

The valuation regulations at 30 CFR part 1206, subparts C and D, mandate that lessees collect and/or submit information used to value their Federal oil and gas, including (1) transportation and processing allowances and (2) regulatory allowance limit information. Lessees report certain data on form ONRR-2014, [*Report of Sales and Royalty Remittance*] (OMB Control Number 1012-0004, *Royalty and Production Reporting*). The information that we request is the minimum necessary to carry out our mission and places the least possible burden on respondents. If ONRR does not collect this information, both Federal and State governments may incur a loss of royalties.

Transportation and Processing Regulatory Allowance Limits: Lessees may deduct the reasonable, actual costs of transportation and processing from Federal royalties. The lessees report these allowances on form ONRR-2014. For oil and gas, regulations establish the allowable limit on transportation allowance deductions at 50 percent of the value of the oil or gas. For gas only, regulations establish the allowable limit on processing allowance deductions at 66⅔ percent of the value of each gas plant product.

B. Accounting and Auditing Relief for Marginal Properties

In 2004, we amended our regulations to comply with section 7 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996. These regulations provide guidance for lessees and designees seeking accounting and auditing relief for qualifying Federal marginal properties. Under the regulations, both ONRR and the State concerned must approve any accounting and auditing relief granted for a marginal property.

OMB Approval

We will request OMB approval to continue to collect, from companies, lessees, and designees, information used (1) to value their Federal oil and gas, including transportation and processing allowances, and (2) to request accounting and auditing relief approval for qualifying Federal marginal properties. Not collecting this information would limit the Secretary's ability to discharge fiduciary duties and may also result in the loss of royalty payments. We protect the proprietary information that we receive and do not collect items of a sensitive nature.

ONRR requires lessees to respond to information collections relating to valuing Federal oil and gas, including transportation and processing allowances. ONRR also requires that lessees submit the allowance information to obtain benefits for claiming allowances on form ONRR-2014. In addition, ONRR requires lessees to respond to information collections in regards to requesting approval for accounting and auditing relief.

Data

Title of Collection: Federal Oil and Gas Valuation—30 CFR Parts 1202, 1204 and 1206.

OMB Control Number: 1012-0005.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Businesses.

Total Estimated Number of Annual Respondents: 120 Federal lessees/designees and 7 States for Federal oil and gas.

Total Estimated Number of Annual Responses: 143.

Estimated Completion Time per Response: The average completion time is 70.06 hours per response. The average completion time calculated by dividing the total estimated burden hours (10,018) by the estimated annual responses (143) from the table below.

Total Estimated Number of Annual Burden Hours: 10,018 hours.

Respondent's Obligation: Submission of lessees' information used for valuing Federal oil and gas, including transportation and processing allowances, to ONRR is mandatory. Lessees and designees requesting accounting and auditing relief for qualifying Federal marginal properties is required to obtain or retain a benefit.

Frequency of Collection: Annually and on occasion.

Total Estimated Annual Nonhour Burden Cost: We have identified no "nonhour" cost burden associated with the collection of information.

We have not included in our estimates certain requirements that companies perform in the normal course of business and that ONRR considers usual and customary.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

AUTHORITY: Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq*).

Gregory J. Gould,
Director, Office of Natural Resources Revenue.

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